

Sample

Mark-to-Market Cover Page

Form 10.1

The PAE should submit its conclusions and justifications to include, at a minimum, the following:

LITE Recommendation for (check one):

☐ TIER 1

☐ TIER 2

Project Name:	
Project Address:	
Project ID#:	
FHA#:	

Pursuant to the terms of our Portfolio Restructuring Agreement for the above referenced property, we find:

YES	NO	
		Acceptable Financial Condition; DSCR on existing debt service is: _____
		Acceptable Physical Condition
		Acceptable Property Management

We recommend:

<input type="checkbox"/>	Renewal of Section 8 HAP Contract at market rents specified below* (Detail is located at Tab____)
<input type="checkbox"/>	Against renewal (Detail is located at Tab ____)
<input type="checkbox"/>	Other (Detail is located at Tab ____)

*Market Rent Recommendations:

Unit Type	Recommended Market Rent

Name of Authorizing PAE Official:_____

Signature:_____

Date:_____

Sample

Mark-to-Market OMHAR Reduction of Rent and Section 8 HAP Contract Renewal Justification

Form 10.1

From: PAE

To: OMHAR Regional Office

Transmission: Overnight Hard Copy

The PAE Recommendations and Narrative/Data Justifications should include at a minimum:

- ☐ **10.1 Cover Page and a hard copy of the electronic submission included in Form 10.2**
- ☐ **Summary:**
 - ☐ Summary of PAE's Overall Conclusion (may reference detail elsewhere)
 - ☐ Background
 - Project Description - general size, type, unit configuration, condition, amenities
 - Existing Financing Terms
 - Current Section 8 HAP Contract(s)
- ☐ **Ownership and Management** - PAE's evaluation and conclusion on ownership and management performance (Section 10-7 C)
- ☐ **Market Rents** (Section 10-7 E, Section 10-7 F, 10-8 D.4, Appendix H):
 - ☐ Review of Submissions - include overview / reconciliation of owner's rent comparability analysis and PAE's market study
 - ☐ PAE's Market Rent Conclusions - discussion/justification of adjustments (Section 10-7 E)
 - Adjustment Table
- ☐ **Property Condition and Reserve Needs** (Section 10-7 D, 10-8 D.2, Appendix I)
 - ☐ Review of Reports - overview / reconciliation of owner's evaluation of physical condition and PAE's PCA
 - ☐ Consideration of Other Data
 - ☐ Critical and 12-Month Repairs - critical repairs completed? adequate funds available for 12-month repairs? alternatives agreed to by OMHAR Regional Office?
 - ☐ Current Replacement Reserves
 - ☐ Reserve Fund Balances over the Term
 - Reserve Fund Balance Table

- ☐ Conclusions
- ☐ **Financial Analysis** (Sections 10-7 F, 10-8 D.4):
 - ☐ Underwritten Vacancy, Other Income: Discuss amounts selected
 - ☐ Expenses (Section 10-7 E.3, 10-8 D.4.b., Appendix H):
 - PAE's Expense Review and Conclusions
 - ⇒ Tier 1: review of audited financial statements to determine typical operating expenses; trend expenses to the time of underwriting
 - ⇒ Tier 2: review of 3 most recent years of audited financial statements; line-by-line analysis of significant expense categories and trends; compare to other sources of expense information; and justification for expense items
 - Expense Table
 - ☐ Conclusion: Discuss ability of the project to sustain a 1.2 DSCR (or as low as 1.1 DSCR for stronger properties under Tier 2) after deposits to the reserve for replacements, with projected rents at market levels
- ☐ **Resident's Comments** (Section 10-7 B): review tenants' comments; indicate how PAE is responding/has responded to them
- ☐ **Owner's Agreement** (in the case of a Tier 2 Lite): include information and evidence of owner's agreement where necessary (Section 10-8, A.1.)

Addenda

- ☐ Owner's Submissions
- ☐ PAE Field Notes - field notes from PAE inspections of subject property and comparables
- ☐ Tenant Comments
- ☐ Notice to Tenants and Description of Distribution/Posting
- ☐ PCA (may be under separate cover)
- ☐ Market Study (may be under separate cover)